



Excise Taxes Newsletter

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ALL TAX AND FEE PROGRAMS

1. New excise taxes legislation

Information about the following bills is available on our website at www.boe.ca.gov/legdiv/legancont01.htm. If you need additional information on the legislation, please call us at 800-400-7115. To obtain or view copies of these bills, see box on page 2.

Cigarette and tobacco products

AB 2205 (Statutes 2002, chapter 687). Imposes an additional penalty for the distribution of black-market cigarettes and provides that resulting funds be deposited in a new Unlawful Sales Reduction Fund. Awards grants to local jurisdictions to establish a multiagency task force charged with significantly reducing the sales of black-market cigarettes and deterring those sales through focused investigation and prosecution.

AB 3000 (Statutes 2002, chapter 1124). Defines "stamps and meter impressions" to mean the required tax payment indicia. The definition includes, but is not limited to, stamps, meter impressions, or any other indicia developed using current technology.

SB 1701 (Statutes 2002, chapter 881). Requires the Board, by January 1, 2005, to replace the current cigarette stamps

and meter impressions with stamps and impressions that can be read by a scanner or similar device.

SB 1766 (Statutes 2002, chapter 686). Provides that all retail sales of cigarettes to customers in the state must be vendor-assisted and face-to-face, with this exception: an out-of-state seller may remotely sell to a California purchaser provided the seller pays the Board all taxes due on the sale or includes a prominent note on the package indicating that the purchaser is responsible for all California tax due on the cigarettes. Does not apply to vending machine sales.

Energy resources surcharge

AB 3009 (Statutes 2002, chapter 1033); AB 3000 (Statutes 2002, chapter 1124). Increase the "cap" on the energy resources surcharge for California consumption of electrical energy purchased from an electric utility. The cap is increased from two-tenths (\$0.0002) of a mill per kilowatt hour to three-tenths (\$0.0003) of a mill per kWh for purchases made on or after January 1, 2003.

Fee Collection Procedures Law

AB 1458 (Statutes 2002, chapter 152). Authorizes the Board, under the Fee Collection Procedures Law, to relieve interest for the disaster-related late filing of a return or payment.

2. Selected returns now online

The following returns are now on our website: *Beer Manufacturer, Beer and Wine Importer, Distilled Spirits, Winegrower, and California Tire Fee*. We've also added two cigarette and tobacco products tax returns. The returns are in PDF file format. You'll find them under "Forms" in the "Special Taxes" section of the website: www.boe.ca.gov/sptaxprog/sptaxforms.htm

Unlike the returns we mail to you, the online PDF returns do not include reporting periods, account numbers, names, addresses, tax rates, and interest rates. You will need to fill those in yourself. If you don't have that information, please contact us at 800-400-7115 (when using a touch-tone phone, select these prompts: "Main Menu," "Other Taxes and Fees," and "Excise Taxes").

3. Civil behavior in trying times

Some observers have noted that civility is decreasing in our society as our lives become more complex. We know that you may find yourself frustrated with the difficulties of the tax law or pressed for time when you're dealing with our staff. Still, we ask that you treat our employees just as you would like to be treated in a business situation. Any statement made to a Board employee that seems remotely like a threat—even a statement made in jest—will be referred to our Internal Security and Audit Division for investigation.

4. Ethics at work—"thank you" is enough

During the holiday season, many of you offer gifts to your customers, suppliers, and others with whom you do business. We must ask, however, that you not extend your generosity to our employees. A simple "Thank You" or "Happy Holidays" will have to do—and will be much appreciated, we're sure! Board policy prevents our employees from accepting gifts of any type.

EMERGENCY TELEPHONE USERS SURCHARGE

5. Rate remains unchanged

The existing rate for the emergency telephone users surcharge—0.72 percent of the intrastate telephone communication charge for services—will stay in effect through October 31, 2003. The Board of Equalization set this rate at its meeting on September 12, 2002.

State law requires the Department of General Services (DGS) to determine the emergency telephone user surcharge rate by September 1 of each year. The Board then fixes the DGS-established rate.

If you have any questions regarding the tax rate, please call us at 800-400-7115 (when using a touch-tone phone, select these prompts: "Main Menu," "Other Taxes and Fees," and "Excise Taxes").

CIGARETTE AND TOBACCO PRODUCTS TAX

6. Sales by original importer

Some California-licensed tobacco products distributors act as "original importers," purchasing and directly importing cigars manufactured outside the United

States. Original importers should not collect the tobacco products tax on their first distribution of foreign-made tobacco products to California-licensed distributors. Those sales are exempt from the tobacco products tax under Revenue and Taxation Code section 30105. The subsequent sale by the licensed distributor is subject to the tax, based on the wholesale cost of the tobacco products.

FOR MORE INFORMATION

Information Center

800-400-7115

Telephone devices for the deaf

800-735-2929 (TDD)

800-735-2922 (voice)

Representatives are available to help you from 8:00 a.m. to 5:00 p.m., M-F, except State holidays (for excise tax help, select these prompts when using a touch-tone phone: "Main Menu," "Other Taxes and Fees," and "Excise Taxes"). You can call anytime to order forms and publications (to leave a recorded request or use the fax-back service, select the "24-hour automated services" option from the main menu).

Excise Taxes Division. Write to us at: Excise Taxes Division, MIC:56, State Board of Equalization, P.O. Box 942879, Sacramento, CA 94279-0056. Or call us at 916-327-4208.

Internet. Visit us at www.boe.ca.gov to obtain information on tax rates, publications, legislation, regulations, telephone numbers, education programs, public meetings, and more.

Tax Evasion Hotline. To report suspected tax evasion, please call toll-free, 888-334-3300.

Copies of Legislative Bills. Write to the Legislative Bill Room, State Capitol, Room B-32, Sacramento, CA 95814. Or visit the following website: www.leginfo.ca.gov/bilinfo.html. Be sure to read the final or latest version of the bill. The Bill Room does not provide copies of Board forms or publications.

Taxpayers' Rights Advocate. If you need help with a problem you have been unable to resolve at other levels, please contact the Advocate's office for assistance. Call toll-free, 888-324-2798.